

Maryland Health Benefit Exchange Operating Model and Insurance Rules Advisory Committee

Discussion of Mercer Work Plan on Study of Market Rules and Risk Selection

September 19, 2011

Primary Tasks

- Benefits beyond the Essential Health Benefits
- Carriers offering health benefit plans outside the Exchange – requirements to offer one or same plan inside the Exchange
- Replicating PPACA Exchange provisions to apply to qualified dental plans
- Sources of adverse selection for individuals, small groups, carriers, health benefit plans, and limited scope dental plans
- Impact of federal guidance on essential benefits on adverse selection and enrollment
- Potential strategies and rate changes to small group and individual markets resulting in attractive premiums
- Risk adjustment strategies in use nationally in Maryland, and in Medicaid
- Coordination of MIA's regulatory role with the Exchange's role in selection and oversight to maximize coordination

Study of Market Rules and Risk Selection Work Plan Maryland Health Benefit Exchange

Code	Deliverable/Task	Mercer team lead	Duration	Target start date*	Target end date*	Key deliverable/Milestone
A. Scope of Work						
1.0	Additional benefit requirements of qualified health plans beyond the Essential Health Benefits mandated by the PPACA inside and outside of the Exchange	Karen Bender				
1.1	Estimate likely definition of Essential Health Benefits under ACA (TBD sometime in 2012)		18 days	08/29/11	09/16/11	Provide a summary document of likely Essential Benefit design
1.2	Prepare and issue data request asking carriers to provide cost of mandated benefits. Receive and process data.		40 days	08/29/11	10/14/11	Provide summary document with carrier responses
1.3	Inventory current Maryland state mandated benefits		21 days	08/29/11	09/19/11	Provide a summary of Maryland mandated state benefits by provider type, covered persons and benefits
1.4	Determine whether estimated Federal Essential Health Benefits requirements fall short of or exceed the existing Maryland state mandated benefits		7 days	09/20/11	09/27/11	Provide a comparison report between state mandated benefits and the federal Essential Benefits
1.5	Estimate cost of shortfall or excess of existing Maryland state mandated benefits (including substitution of services, drugs, providers, etc.)		28 days	09/27/11	10/25/11	Provide summary report of estimated costs

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Study of Market Rules and Risk Selection Work Plan MHBE (continued)

Code	Deliverable/Task	Mercer team lead	Duration	Target start date*	Target end date*	Key deliverable/Milestone
1.6	Determine state's desire/need for excess benefits and cost elasticity impact of requiring additional benefits over and above Federal Essential Health Benefits		14 days	10/17/11	10/31/11	Provide summary report of pros and cons of including some of the mandated benefits above Essential Benefits
2.0	Requirements for carriers offering Health Benefit Plans outside the Exchange to offer one or same Health Benefit Plans inside the Exchange	Kurt Giesa				
2.1	Estimate carrier participation inside and outside the Exchange		21 days	09/06/11	09/27/11	Provide a report on estimated carrier participation from research, current carrier rate filings and stakeholder discussions
2.2	Evaluate current Maryland small group CSHBP benefit versus Essential Benefit package		21 days	09/06/11	09/27/11	Provide summary report evaluating CSHBP versus Essential Benefits package
2.3	Review prevalent non group market benefit packages versus Essential Benefits package to move towards standardization of non group market benefit package		14 days	10/04/11	10/18/11	Provide summary report of findings on nongroup benefits in the market
2.4	Develop guidelines based on reviews above for qualified health plans based on adverse selection considerations		14 days	10/18/11	11/01/11	Provide summary report with guidelines for qualified health plans based on adverse selection considerations
3.0	Replicating PPACA Exchange provisions applicable to qualified health plans to qualified dental plans	Sudha Shenoy				

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Study of Market Rules and Risk Selection Work Plan MHBE (continued)

Code	Deliverable/Task	Mercer team lead	Duration	Target start date*	Target end date*	Key deliverable/Milestone
3.1	Define Qualified Dental Plan (which is not defined in the PPACA) for the state of Maryland		11 days	09/20/11	10/01/11	Draft definition of Qualified Dental Plan
3.2	Interview/Survey state officials to prioritize goals of defining Qualified Dental Plans		11 days	09/20/11	09/31/11	Summary report of purpose and priority of Qualified Dental Plan in Maryland's state health care objectives
3.3	Inventory current PPACA provisions applicable to QHPs		9 days	09/12/11	09/21/11	Checklist of PPACA provisions for QHPs
3.4	Determine PPACA QHP provisions that could be applicable to Maryland Qualified Dental Plans		9 days	09/19/11	09/28/11	Checklist of PPACA QHP provisions QDPs and with issues for state to consider
3.5	Project costs and benefits to state of applying PPACA QHP provisions Maryland to Qualified Dental Plans		15 days	10/03/11	10/18/11	Summary report on costs and benefits of defining QDPs for state to consider
4.0	Sources of adverse selection for individuals, small groups, carriers, health benefit plans and limited scope dental benefits	Gerry Smedinghoff				
4.1	Develop best expectation of Essential Benefits package for comparison with prevailing small group and individual market benefit plans		14 days	09/02/11	09/16/11	Summary report of expected Essential Benefits required under PPACA
4.2	Identify sources of adverse selection for individual markets		8 days	09/16/11	09/24/11	Summary report on adverse selection under PPACA
4.3	Compare significantly different Essential Health Benefits definitions		9 days	09/27/11	10/06/11	Summary report on potential variances in Essential Health Benefits definitions

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Study of Market Rules and Risk Selection Work Plan MHBE (continued)

Code	Deliverable/Task	Mercer team lead	Duration	Target start date*	Target end date*	Key deliverable/Milestone
4.4	Based on current and expected carrier participation inside and outside the Exchange and identify adverse selection sources for carriers		10 days	10/06/11	10/16/11	Listing potential sources of adverse selection
4.5	Develop sources of adverse selection for health benefit plans and limited scope dental benefits based on all work from above		9 days	10/18/11	10/27/11	Summary report of potential sources of adverse selection
5.0	Impact of future federal guidance regarding Essential Benefits on adverse selection and enrollment	Gerry Smedinghoff				
5.1	Estimate likely definition of Essential Health Benefits under ACA (TBD sometime in 2012). Same as task 1.1		14 days	09/02/11	09/16/11	Provide a summary document of likely Essential Benefit design
5.2	Inventory Current Maryland state mandated benefits. Same as 1.3		11 days	09/08/11	09/19/11	Provide a summary of Maryland mandated state benefits by provider type, covered persons and benefits
5.3	Project various scenarios of significantly different Essential Health Benefits definitions		9 days	10/16/11	10/25/11	Summary report of low, medium and high potential definitions of Essential Health Benefits
5.4	Determine whether estimated Federal Essential Health Benefits requirements fall short of or exceed the existing Maryland state mandated benefits. Same as task 1.4		27 days	09/27/11	10/25/11	Provide a comparison report between state mandated benefits and the federal Essential Benefits
5.5	Estimate cost of shortfall or excess of existing Maryland state mandated benefits (including substitution of services, drugs, providers, etc.)		10 days	10/26/11	11/05/11	Summary report of estimate cost and utilization impacts of Maryland mandated benefits

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Study of Market Rules and Risk Selection Work Plan MHBE (continued)

Code	Deliverable/Task	Mercer team lead	Duration	Target start date*	Target end date*	Key deliverable/Milestone
5.6	Estimate cost elasticity impact of variance between Maryland benefits and Federal Essential Health Benefits. Similar to task 1.6		10 days	11/01/11	11/11/11	Provide summary report of pros and cons of including some of the mandated benefits above Essential Benefits
6.0	Potential strategies and rate changes to small group and individual markets resulting in attractive premiums for individual and small group markets for the first year and beyond	Kurt Giesa				
6.1	Evaluate rate parameters, underwriting rules in use for small group and individual markets		21 days	09/06/11	09/27/11	Provide a summary report of current rate parameters and underwriting rules for small group & individual markets
6.2	Issue data call to carriers asking for information on current rating practices and rates		40 days	08/29/11	10/07/11	Provide high-level summary of carrier responses
6.3	Estimate impact of any premium shocks resulting from ACA rate parameters, removal of medical underwriting in the individual market		40 days	09/06/11	10/15/11	Provide summary report on premium shocks of changes due to ACA rate parameters and removal of medical underwriting
6.4	Review current benefit packages and impact on markets of changes		7 days	10/04/11	10/11/11	Provide a report of possible market impacts due to changes
6.5	Evaluate different scenarios on state mandate decisions and impact on markets		10 days	10/11/11	10/21/11	Provide a discussion of various scenarios and possible impact on small group and individual markets
6.6	Develop potential strategies for small group markets		7 days	10/21/11	10/28/11	Provide summary report with strategies for small group market

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Study of Market Rules and Risk Selection Work Plan MHBE (continued)

Code	Deliverable/Task	Mercer team lead	Duration	Target start date*	Target end date*	Key deliverable/Milestone
6.7	Develop potential strategies for individual markets		7 days	10/21/11	10/28/11	Provide summary report with strategies for individual market
7.0	Research potential risk adjustment strategies in use nationally, in Maryland and in Medicaid. Identify risk strategies and steps for modeling impact of reinsurance, risk corridors and risk selection issues in the Exchange	Sudha Shenoy				
7.1	Research and report on risk adjustment methods in use nationally, in Maryland and in use for the Medicaid line of business		19 days	09/15/11	10/04/11	Provide summary document of risk adjustment mechanisms nationally, state of Maryland & Medicaid
7.2	Review latest guidelines released by HHS on risk adjustment and risk corridors		7 days	09/28/11	10/05/11	Provide summary document of inventory of functions and flow of information functions
7.3	Review sources of adverse selection from item 4 above and its impact on various Exchange risks		10 days	10/15/11	10/25/11	Provide summary document including a discussion of impact of adverse selection on Exchanges
7.4	Based on tasks 1, 2, 4, 5 & 6 develop potential risk adjustment strategies and modeling tasks		8 days	10/27/11	11/04/11	Provide summary document outlining strategies and modeling tasks
8.0	Coordination of MIA's regulatory role with the Exchange's role in selection and oversight of Qualified Health Plans. Evaluate and recommend roles and opportunities to maximize coordination.	Tammy Tomczyk				
8.1	Develop an inventory of functions requiring interactions with carriers including submission of information from carriers and communication to carriers		17 days	09/30/11	10/17/11	Provide summary document of inventory of functions and flow of information functions

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Study of Market Rules and Risk Selection Work Plan MHBE (continued)

Code	Deliverable/Task	Mercer team lead	Duration	Target start date*	Target end date*	Key deliverable/Milestone
8.2	Using task 8.1 above develop gap in functions and need for addition resources to provide additional services		10 days	10/18/11	10/28/11	Provide summary document of inventory of functions and flow of information functions
8.3	Evaluate findings from action steps 1 and 2 to develop overall recommendations		7 days	10/28/11	11/04/11	Provide summary document of findings to Advisory Committee
8.4	Develop final report including recommendation of roles to maximize coordination		7 days	11/04/11	11/11/11	Provide final report of recommendations to Advisory Committee
B. Deliverables						
0.0	General kick-off tasks	John Welch				
0.1	Contract begins: - Contract signed and provided to authorize start of work		1 day	08/29/11	08/29/11	Contract signed, notice to proceed effective 8/29
0.2	Initial planning meeting - Conference calls to initiate project and plan initial kick-off meeting		1 day	09/15/11	09/15/11	Meeting with State of Maryland (State)
0.3	Kick-off meeting with Exchange Board and Advisory Committee		1 day	09/19/11	09/19/11	Meeting with Stakeholders
0.4	Hold regular project status calls		ongoing	08/29/11	04/30/12	Conference calls weekly
0.5	Monthly progress reports		ongoing	08/29/11	04/30/12	Monthly reports
1.0	Project Deliverable #1: Final Approved Workplan	John Welch				

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Study of Market Rules and Risk Selection Work Plan MHBE (continued)

Code	Deliverable/Task	Mercer team lead	Duration	Target start date*	Target end date*	Key deliverable/Milestone
1.1	Refine workplan based in initial planning and kickoff meeting input		7 days	09/15/11	09/16/11	Workplan Prepared
1.2	Meet with Advisory Committee to elicit workplan input		1 day	09/19/11	09/19/11	Meeting with Advisory Committee
1.3	Complete and submit workplan		1 day	09/20/11	09/21/11	Submit Workplan
1.3.1	Meet with Contract Monitor for approval		1 day	09/21/11	09/21/11	Workplan Approved
2.0	Project Deliverable #2: Final Report	John Welch Kurt Giesa Sudha Shenoy				
2.1	Compile and draft final comprehensive report		25 days	10/03/11	11/04/11	Draft report submitted
2.2	Feedback from State staff on draft report		2 days	11/07/11	11/09/11	Feedback Received
2.3	Meeting with State to discuss report		1 day	11/09/11	11/09/11	Meeting Scheduled
2.4	Finalize report incorporating feedback from State		5 days	11/09/11	11/15/11	Delivery Report for approval
2.5	Submit final report		1 day	11/15/11	11/15/11	Submit final report with edits
3.0	Project Deliverable #3: Presentations, advisory committee and Board meetings, participate in any necessary conference calls and meetings.	John Welch				
3.1	Meetings as requested by Contract Monitor		As requested	08/29/11	04/30/12	As Requested
4.0	Project Deliverable #4: Testimony to General Assembly, legislative committees, or other entities	John Welch				
4.1	Testimony as requested		As requested	08/29/11	04/30/12	As Requested

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Study of Market Rules and Risk Selection Work Plan MHBE (continued)

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5.0	Project Deliverable #5: Future Analytic work	John Welch Kurt Giesa Sudha Shenoy				
5.1	Perform analytic work as requested following final report deliverable		As requested	11/15/11	04/30/12	As Requested